

[REDACTED]
[REDACTED]
[REDACTED]
FEB 22 1991

CERTIFIED MAIL

Dear Sir or Madam:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(6) of the Internal Revenue Code.

The information submitted indicates that you were incorporated under the laws of the State of [REDACTED] on [REDACTED]. Your primary purpose is to make spending decisions on local advertising or marketing programs in accordance with the [REDACTED] marketing policy for the [REDACTED] restaurants.

Your activities consist of promoting the [REDACTED] restaurants through local advertising directed by its members. Membership is restricted to [REDACTED] and to franchise owners of [REDACTED] restaurants, only.

Income will be obtained from its members, the [REDACTED] restaurant owners, through activities related to the organization's exempt purpose. Presently, the organization has no income or expenses.

Section 501(c) of the Internal Revenue Code of 1986 describes certain organizations exempt from Federal income tax under section 501(a) and reads, in part, as follows:

"(6) Business leagues, chambers of commerce, real-estate boards of trade, or professional football leagues, whether or not administering a pension fund for football players not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of the Income Tax Regulations provides, in part, as follows:

"A business league is an association of persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily

501(c)(6) Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]	[REDACTED]	[REDACTED]				
Date	12-20-90	12-31-90	2-22-91				

[REDACTED]

carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

An organization formed to promote the business interests of those involved in the manufacture and sale of a particular patented product, whose membership is limited to those engaged in the manufacture and sale of the products, and which owns the controlling interests in the corporation which holds the basic patents in the products, does not qualify for exemption as a business league under Internal Revenue Code 501(c)(6), since it is engaged in furthering the business interests of the dealers of a particular product as distinguished from improving business conditions. Revenue Ruling 58-294, 1958-1 C.B. 244.

In Rev. Rul. 67-77, 1967-1 C.B. 138, an organization composed of dealers in a certain make of automobile in a designated area that is organized and operated for the primary purpose of financing general advertising campaigns to promote the particular make of automobile is not exempt under 501(c)(6) of the Code because it performs particular services for its members instead of the automotive industry as a whole.

Your activities are similar to the Revenue Rulings cited above, in that, you promote advertising for franchise owners of [REDACTED] restaurants only. You also perform particular services for the members as opposed to benefiting the restaurant industry as a whole.

You do not qualify for tax exempt status as an organization described in section 501(c)(6) of the Internal Revenue Code; you are required to file Federal income tax returns on Form 1120.

If you do not accept our findings, we recommend that you request a conference with a member of our Regional Office of Appeals. Your request for a conference should include a written appeal giving the facts, law, and any other information to support your position as explained in the enclosed Publication 892. You will then be contacted to arrange a date for a conference. The conference may be held at the Regional Office, or if you request, at any mutually convenient District Office. If we do not hear from you within 30 days from the date of this letter, this determination will become final.

Sincerely yours,

[REDACTED]

District Director

Enclosure: Publication 892